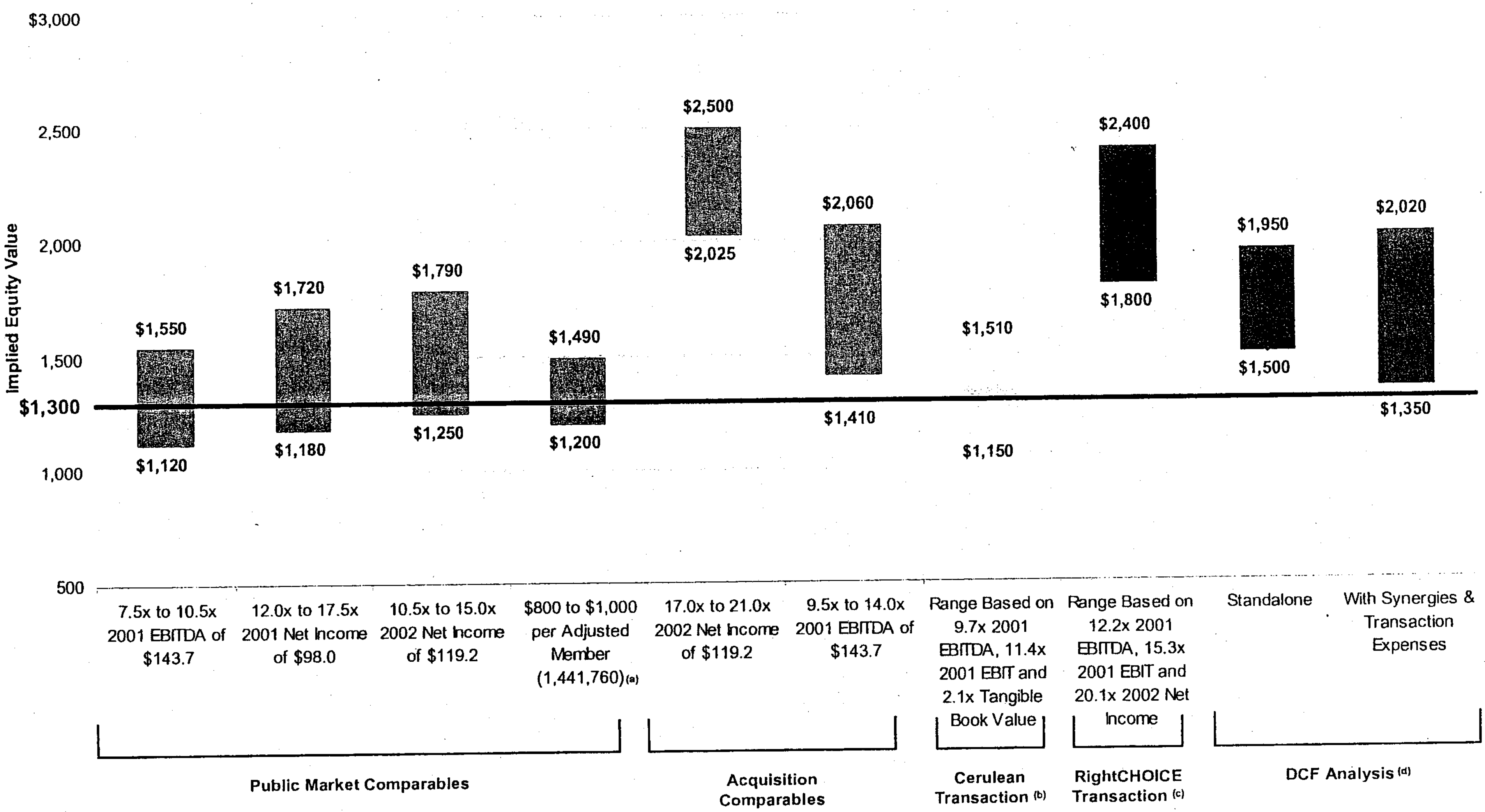
CONGRESS Valuation Considerations

Summary Valuation Analysis ($ in Millions)



Note: Assumes $9.1 million of debt and $53.9 million in cash projected as of December 31, 2001 as per WATER and CONGRESS Managements.
(a) Includes 1,026,600 risk members and 2,075,800 non-risk members multiplied by a factor of 0.2.
(b) As per figures provided by WATER Management.
(c) As per public filings.
(d) Present values as of December 31, 2002.

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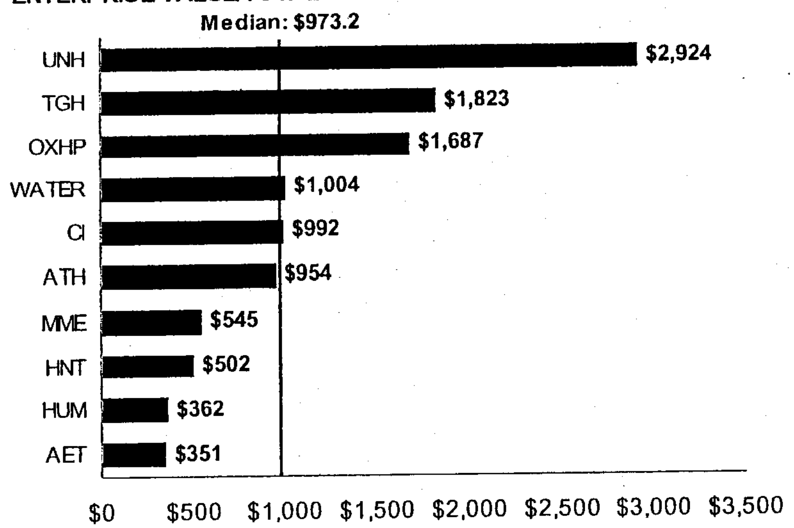
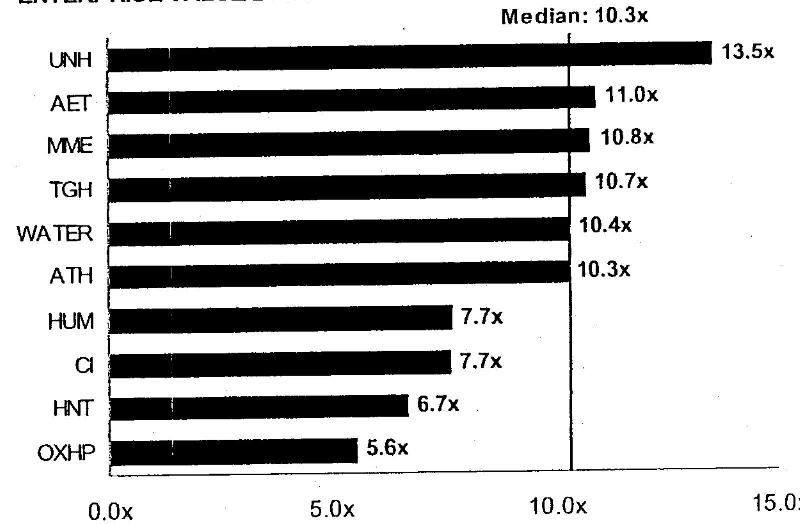
CONGRESS Valuation Considerations

Selected Publicly Traded Companies Analysis [a]

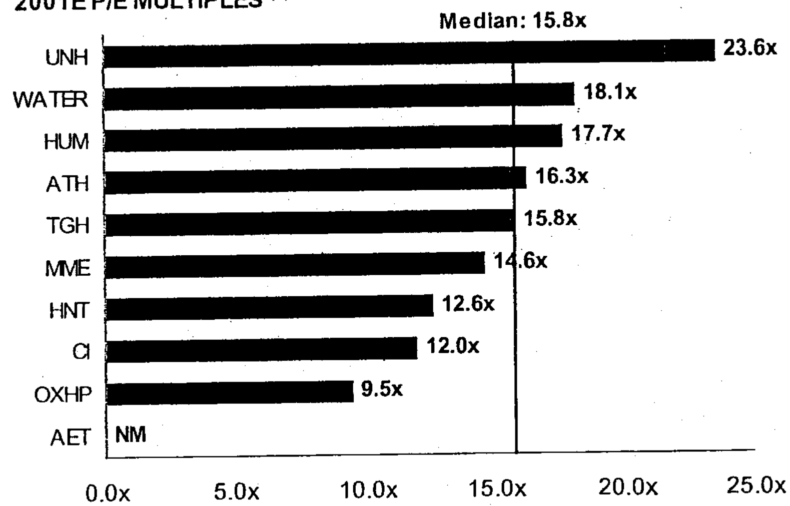
ENTERPRISE VALUE/TOTAL ADJUSTED MEMBERS [b]



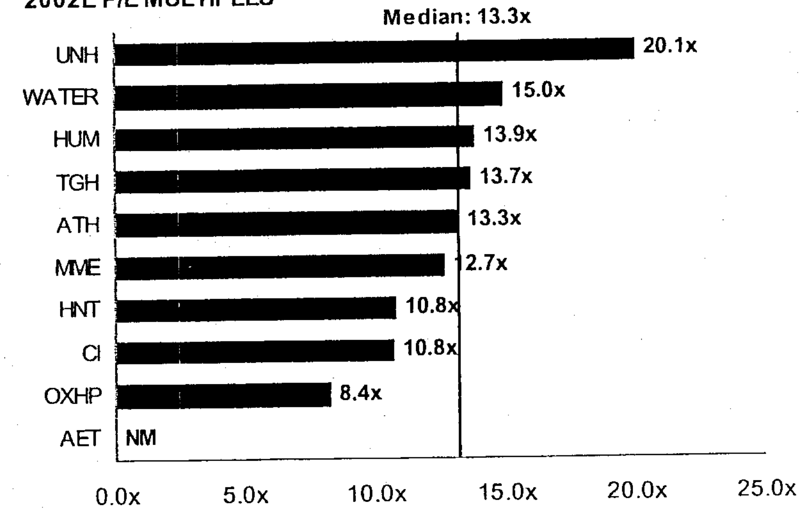
ENTERPRISE VALUE/LTM EBITDA



2001E P/E MULTIPLES [c]



2002E P/E MULTIPLES [c]



(a) WATER LTM data, membership data and enterprise value are 2001E pro forma for acquisition of RightCHOICE.
(b) Adjusted members equals total medical members adjusting Medicare members by a factor of 4.5 and ASO members by a factor of 0.2.
(c) As per First Call consensus estimates and closing prices as of November 14, 2001.

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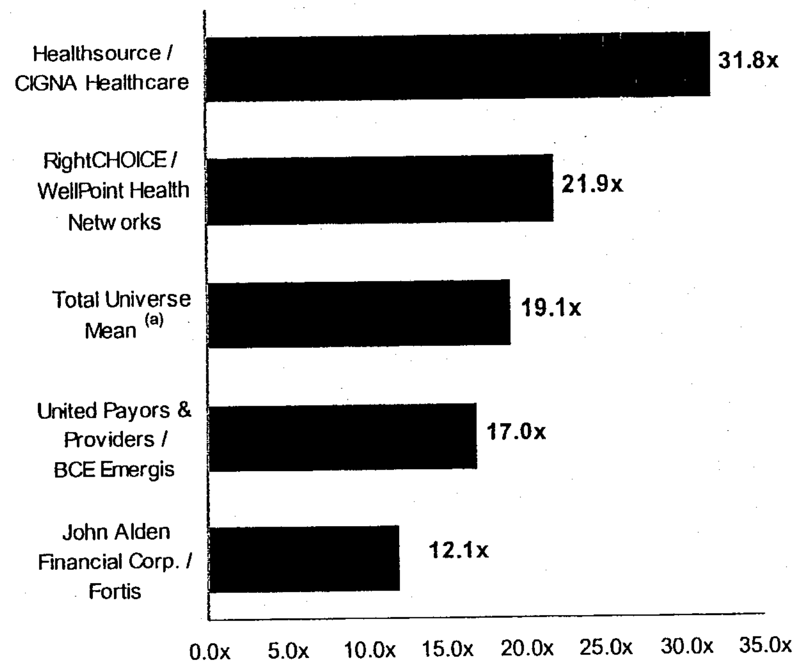
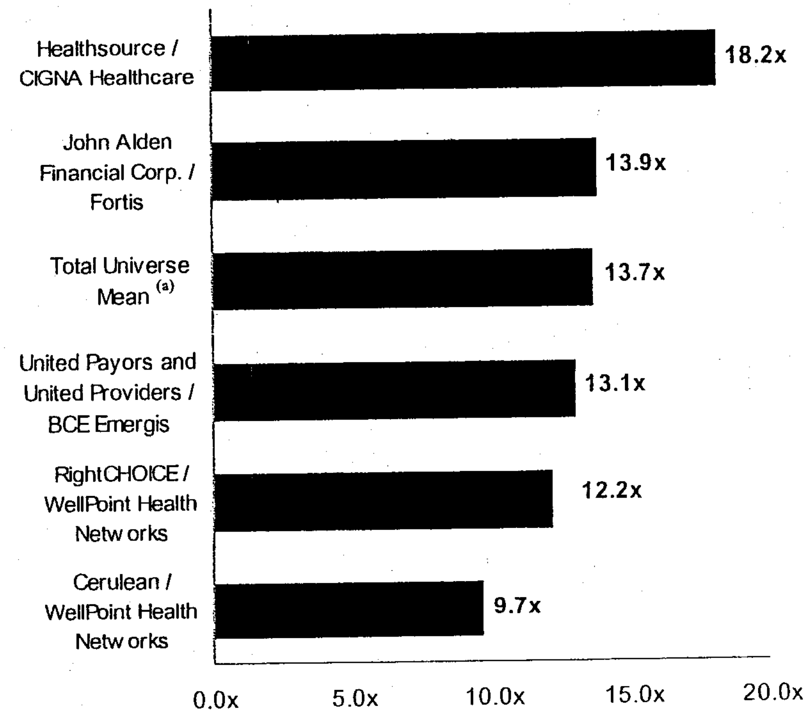
CONGRESS Valuation Considerations

Selected Precedent Transactions Analysis

NEXT TWELVE MONTHS P/E



ENTERPRISE VALUE/LTM EBITDA



(a) Average for total universe of selected precedent transactions in the Managed Care sector (see Appendix B).

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CONGRESS Valuation Considerations

CONGRESS Standalone DCF Analysis — Relevant Assumptions

Operating Assumptions

- Projections provided by WATER and CONGRESS Managements and reflect CONGRESS on a standalone basis
- Marginal tax rate of 20.2% assumed (38.4% for Synergies & Transaction Expenses scenario)

Value Assumptions

- Projected balance sheet as of December 31, 2002
- Present values as of December 31, 2002
- Terminal value exit multiples ranging from 6.0x – 10.0x 2007 projected EBITDA
- Perpetuity growth rates ranging from 2.0% – 6.0%
- After-Tax Weighted Average Cost of Capital (WACC) ranging from 10.0% – 15.0%

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CONGRESS Valuation Considerations

CONGRESS Standalone DCF Analysis

	Projected Fiscal Year Ending December 31,				
($ in millions)	2003	2004	2005	2006	2007
Net Income	$147.9	$183.8	$216.1	$257.5	$299.8
Net Interest Expense / (Income)	(11.0)	(17.9)	(27.0)	(38.2)	(51.4)
Marginal Tax Rate	20.2%	20.2%	20.2%	20.2%	20.2%
Financing Tax Shield	2.2	3.6	5.4	7.7	10.4
Earnings Before Interest	**$139.2**	**$169.5**	**$194.6**	**$227.0**	**$258.8**
Depreciation	47.0	57.4	68.7	73.0	70.5
Amortization of Intangibles	3.0	3.0	3.0	3.0	3.0
Change in Net Working Capital	(29.7)	(34.2)	(37.6)	(38.8)	(41.8)
Capital Expenditures	(70.0)	(76.0)	(82.4)	(89.4)	(97.0)
Unlevered Free Cash Flow	**$89.5**	**$119.7**	**$146.3**	**$174.8**	**$193.5**
Terminal EBITDA					**$398.5**

Note: Net income excludes non-cash gains from sale of DC building.

CONGRESS Valuation Considerations

CONGRESS Standalone DCF Analysis (continued)

($ in millions)

	Perpetuity Growth Rate				
	2.0%	3.0%	4.0%	5.0%	6.0%
Implied PV of Terminal Value @ 12.5% WACC	$1,098	$1,225	$1,383	$1,582	$1,843

WACC	Enterprise Value as of 12/31/02				
10.0%	$2,168	$2,417	$2,748	$3,212	$3,907
11.0%	1,912	2,099	2,338	2,658	3,105
12.5%	1,621	1,749	1,906	2,106	2,367
14.0%	1,405	1,496	1,606	1,740	1,907
15.0%	1,289	1,363	1,451	1,557	1,687

WACC	Implied Terminal EBITDA Multiple				
10.0%	6.5x	7.5x	8.9x	10.7x	13.5x
11.0%	5.8	6.6	7.6	8.9	10.8
12.5%	5.0	5.5	6.3	7.2	8.3
14.0%	4.3	4.8	5.3	6.0	6.8
15.0%	4.0	4.4	4.8	5.4	6.0

($ in millions)

	Terminal EBITDA Multiple Range				
	6.0x	7.0x	8.0x	9.0x	10.0x
Implied Terminal P/E Multiple	11.2x	12.5x	13.8x	15.2x	16.5x

WACC	Enterprise Value as of 12/31/02				
10.0%	$2,040	$2,288	$2,535	$2,782	$3,030
11.0%	1,961	2,198	2,434	2,671	2,907
12.5%	1,850	2,071	2,292	2,514	2,735
14.0%	1,747	1,954	2,161	2,368	2,575
15.0%	1,683	1,881	2,079	2,277	2,475

WACC	Implied Perpetuity Growth Rate				
10.0%	1.4%	2.5%	3.4%	4.1%	4.7%
11.0%	2.3	3.4	4.3	5.0	5.6
12.5%	3.7	4.8	5.7	6.5	7.0
14.0%	5.1	6.2	7.2	7.9	8.5
15.0%	6.0	7.2	8.1	8.8	9.4

CONGRESS Valuation Considerations

CONGRESS DCF Analysis with Synergies & Transaction Expenses

($ in millions)	2003	2004	2005	2006	2007
	Projected Fiscal Year Ending December 31,				
Standalone Net Income	$147.9	$183.8	$216.1	$257.5	$299.8
Net Interest Expense / (Income)	(11.0)	(17.9)	(27.0)	(38.2)	(51.4)
Operational Synergies	15.0	30.0	50.0	70.0	70.0
Negative Premium Tax Synergy	(32.4)	(34.6)	(36.9)	(39.3)	(41.8)
Acquisition Expenses	(32.4)	(24.3)	(24.3)	0.0	0.0
Depreciation (Additions) / Savings	0.8	4.0	9.5	15.8	22.9
Transaction Costs	(152.5)	0.0	0.0	0.0	0.0
Marginal Tax Rate	38.4%	38.4%	38.4%	38.4%	38.4%
Financing Tax Shield	4.2	6.9	10.4	14.7	19.7
Tax Effect of Synergies, Acq. Exp. and Transaction Costs	21.2	9.6	0.7	(17.8)	(19.6)
Negative Tax Synergies	(34.0)	(42.6)	(50.0)	(59.5)	(69.1)
Earnings Before Interest	**($73.2)**	**$114.7**	**$148.4**	**$203.1**	**$230.5**
Depreciation	47.0	57.4	68.7	73.0	70.5
Depreciation Additions / (Savings)	(0.8)	(4.0)	(9.5)	(15.8)	(22.9)
Amortization of Intangibles	3.0	3.0	3.0	3.0	3.0
NOL/AMT Credit	50.0	50.0	42.0	0.0	0.0
Change in Net Working Capital	(29.7)	(34.2)	(37.6)	(38.8)	(41.8)
One-Time CapEx	(23.1)	(9.0)	(3.0)	(7.0)	0.0
CapEx Savings	32.6	35.3	38.3	41.6	45.1
Standalone Capital Expenditures	(70.0)	(76.0)	(82.4)	(89.4)	(97.0)
Unlevered Free Cash Flow	**($64.2)**	**$137.3**	**$167.9**	**$169.7**	**$187.4**
Terminal EBITDA					**$449.6**

Note: Net income excludes non-cash gains from sale of DC building.